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SUBJECT: RECOMMENDATION TO PAY UN FAO ARREARS; GENEVA GROUP UPDATE ON FAO'S INTERNAL REFORM PLAN

REF: USUN ROME 11

¶1. (U) This message is sensitive but unclassified. Please handle accordingly.

¶2. (SBU) The major internal reform plan agreed last November by member states of the UN's Food and Agriculture Organization (FAO) is under way and appears at this early juncture to be progressing well, along a positive and constructive trajectory (reftel). Several items related to its implementation remain to be negotiated by members and management, but are expected to be finalized in the coming months during meetings of FAO governing bodies. The paper at paragraph four summarizes progress to date on this three-year reform plan, and some of the challenges remaining to ensure FAO management and membership remains on the reform path in a manner consistent with our interests. This paper was drafted and negotiated by members of the Rome chapter of the Geneva Group, for presentation to expert and consultative-level meetings of the Geneva Group on April 22 and 24, respectively.

¶3. (SBU) While challenges to reform remain, the commitment by FAO management and its membership to broad institutional reform appears genuine and meaningful. In that light, we strongly recommend as a further show of our commitment to FAO reform that we pay as much as possible of any remaining pre-CY'08 arrears owed the FAO and also make a payment of USD 20 million toward our CY'08 assessment. Ideally, we would make such a payment before the next meeting of the Finance Committee (May 11-15) to maximize its political impact and before FAO is obligated to seek external commercial loans to pay its bills.

¶4. (SBU) Rome GG Report for April 2009 Geneva Group ELM/CLM Meetings:

Begin text of report:

Key Developments - General:

-- FAO management and staff, with the approval and guidance of the member states, have begun to implement the Immediate Plan of Action (IPA) from which stem many of the other major developments.

-- Half of the IPA recommended actions have already started and 3 percent have been concluded. The Reform Support Group assures coordination between the 14 identified projects.

-- To fund the changes, an extra-budgetary trust fund was established, which is currently under-funded. While the estimated needed contributions amount to USD 18.6 million for 2009, only USD 3.4 million have been received and USD 6.4 million pledged. The FAO Finance Committee had identified IPA funding as a top priority and asked Management to propose possible internal sources of funds.

-- As part of the IPA, FAO has begun to restructure its headquarters to include new offices for oversight and to delayer many administrative functions. FAO contracted Ernst and Young to

complete a Root and Branch Review, to recommend restructuring and policy actions to effectively further the reform process and save money.

-- In an effort to strengthen system-wide consultation and collaboration, regional offices are being consulted more frequently on policy and program issues.

-- The FAO Director General (DG), the Bureau Chair of the Committee on World Food Security (CFS), and member states have begun a dialogue with major stakeholders, including the Coordinator of the UN High Level Task Force on Food Security, to revitalize the CFS.

-- The FAO DG is advocating for a summit of world leaders at FAO in November, 2009, to discuss global food security, despite split support from member states and a lack of funding.

Challenges for the Coming Year:

-- Member states will have to continue to closely monitor IPA implementation to ensure it is implemented openly, efficiently, and apolitically.

-- Member states should advocate an early discussion concerning the 2010-2011 FAO budget in order to avoid a dead-end discussion such as in 2007. The Independent External Evaluation (IEE) concept of "Reform With Growth" will be a major issue in upcoming budget debate.

-- Reform of the CFS will be greatly debated during 2009 in the context of the proposed Global Partnership for Agriculture and

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Food Security, and with a view toward coordinating major global food security issues with major stakeholders. Support for this idea has been growing across the membership on the premise that the CFS can potentially provide an inclusive forum and can reform itself to become policy-relevant, effective, and efficient.

-- There will be continued debate over the DG's proposal to hold a summit on the margins of the FAO November Conference with implications on FAO budget and reform momentum. This should be decided at the June FAO Council meeting. The proposed summit should not divert resources nor slow the momentum of IPA implementation.

-- A legal solution must be agreed to address possible overlapping terms of office for the current and next DG as a result of advancing Conference dates from November to June, 2011.

-- The precise roles, responsibilities, and authorities of FAO field offices remain to be clarified.

Recommendations for Future Geneva Group Action:

-- The Geneva Group should remain heavily engaged in promoting the funding and full implementation of the IPA as an integrated reform program aimed at strengthening human resource and financial management, audit and evaluation capabilities, and other oversight mechanisms. Such a commitment should include reform of CFS which is to begin in 2009.

-- The Geneva Group should also seek to focus attention on operational outcomes at country and regional level based upon agreed strategic objectives and objective indicators of results. This will require careful preparation of agendas for CoC/IEE, Council, and Conference to ensure they are results-oriented, contribute to greater coherence with other parts of the international system (UN and the IFIs), and support partnerships with civil society and the private sector.

-- The Geneva Group should continue to support FAO in its efforts to address the growing global food crisis, and ensure that it remains focused on delivering quality programs at the field, country, national, and international levels.

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